BUDGET LETTER

NUMBER:	20-13

SUBJECT: YEAR-END FINANCIAL REPORTING REQUIREMENTS

DATE ISSUED: June 11, 2020

REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 6400, 7900 ET SEQ., 19462 AND 19463; GOVERNMENT CODE SECTIONS 12460, 12461.2, 13310 AND 13344; BL 19-07 AND 19-04

SUPERSEDES: BL 19-05

TO: Agency Secretaries
        Department Directors
        Departmental Budget and Accounting Officers
        Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds and informs state departments of the year-end financial reporting requirements and deadlines for fiscal year 2019-20.

Deadlines and Deliverables

July 31, 2020	General Fund, Feeder Funds 0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097 Special Fund for Economic Uncertainty Funds 0374 and 0375 due to the State Controller's Office (SCO).
August 20, 2020	All other funds due to the SCO.
August 20, 2020	The Report of Accounts Outside of the State Treasury, Report 14, due to the Treasurer's Office through Financial Information System for California (FI$Cal) by August 20, 2020, and submit a copy to the SCO.
August 20, 2020	The Report of Expenditures of Federal Funds, Report 13, due to Department of Finance, Fiscal Systems & Consulting Unit (FSCU) by delivery of an original report to FSCU or an electronic scanned/email copy sent to FSCUhotline@dof.ca.gov and a copy to the SCO.
September 1, 2020	Generally Accepted Accounting Principles information, excluding independently audited financial statements, due to the SCO.
October 1, 2020	Independently audited financial statements due to the SCO. If the final financial statements are not available by this date, a draft statement can be submitted by this date, with a final following on October 15. If you are waiting to receive pension and OPEB information at the beginning of October, then your audit is due as soon as possible but no later than November 16, 2020.

The ongoing transition to full FI$Cal implementation, including the regular release of new functionality and the introduction of new business requirements, as well as current restrictions in place due to COVID-19, may impact departments' ability to meet the deadlines. In recognition of these challenges, Finance will re-evaluate these deadlines in consultation with SCO in the upcoming months. In the meantime, departments are encouraged to work aggressively to meet the deadlines.

Requirements for monthly reconciliations and year-end financial reports are included in State Administrative Manual (SAM) sections 7900 et seq. and the SCO's Year-End Financial Information manuals. These requirements should be reviewed in order to minimize problems. Departments should also develop a year-end work plan. Work plans are an essential tool in planning and monitoring financial activities to ensure the timely completion of monthly reconciliations and year-end financial reports.

Government Code (GC) section 12461.2 authorizes the SCO to withhold any or all operating funds from a department that fails to submit complete and accurate financial reports to the SCO within 20 days from the above due dates.

FI$Cal Departments

Departments using the FI$Cal/PeopleSoft for accounting functions will be required to submit financial reports produced from FI$Cal. Finance will continue to provide assistance and year-end training for departments using FI$Cal.

Departments should work with their Finance accounting analyst/manager and FI$Cal relations coordinator to make arrangements for additional support to meet the year-end deadlines. Departments may contact FSCU for assistance with accounting processes and policies including monthly reconciliations and year-end procedures at (916) 324-0385 or via e-mail at: fscuhotline@dof.ca.gov.

Additional information on FI$Cal training classes and training material is available at: http://dof.ca.gov/Accounting/FI$Cal_Resources_for_Accounting/index.html.

Consistency between Governor's Budget and Year-End Financial Reports

GC section 12460 requires information in the SCO's Budgetary/Legal Basis Annual Report to account for funds on the same basis as that of the applicable Governor's Budget and Budget Act. GC section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the Budgetary/Legal Basis Annual Report described in section 12460, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. The SCO's Annual Report reflects a culmination of information submitted by departments. It is critical that departments' submittal of year-end financial reports to the SCO reflects correct and reconciled information.

As specified in SAM section 6400, it is important that fund balance, revenues, expenditures, and other data included in the past year's presentation of the Governor's Budget reconciles with similar data published in the SCO's Budgetary/Legal Basis Annual Report. Therefore, departments must ensure that data included in the budget documents reconcile with year-end financial reports. In very limited circumstances, there may be differences between the amounts in the Governor's Budget and the year-end financial reports (e.g., pending budget decisions or legislation).

Departments are required to submit fund balance reconciliation information to Finance during the development of the Governor's Budget. Last year's instructions for reconciling fund balances for the past year are available on Finance's website at: http://www.dof.ca.gov/Accounting/Policies_And_Procedures/Fund_Reconciliation/ for your reference. Information will be updated later this spring to reflect this year's process.

If you have questions regarding this BL, please contact the FSCU Hotline at (916) 324-0385 or e-mail: fscuhotline@dof.ca.gov.

/s/ Thomas Todd

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